

FISCAL NOTE

SB 2300 - HB 2477

February 7, 2000

SUMMARY OF BILL:

- Removes sales and use tax exemptions outlined in TCA Title 67, Chapter 6, Part 3 and imposes a state sales tax rate of 1%.
- Imposes at 1% sales and use tax on certain services previously exempt from tax.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Exceeds \$436,577,000

**Increase State Expenditures - \$3,000,000 Recurring
\$2,000,000 One-Time**

Increase Local Govt. Revenues - Exceeds \$982,486,700

Estimate assumes the following:

- An increase in state revenues exceeding approximately \$436,577,000 of which:
 - \$290,183,333 from taxing certain currently untaxed services at a rate of 1%.
 - \$146,393,667 from removing existing sales tax exemptions outlined in TCA Title 67, Chapter 6, Part 3.
- An increase in state expenditures, of which approximately \$3,000,000 is recurring and \$2,000,000 is one-time.
- An increase in local government revenues exceeding approximately \$982,486,700 of which:
 - \$653,100,000 from taxing certain currently untaxed services.
 - \$329,386,700 from removing existing sales tax exemptions outlined in TCA Title, 67, Chapter 6, Part 3.
- The local government sales tax rate is 2.25%. The bill does not restrict local governments from assessing tax at the normal local government rate.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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